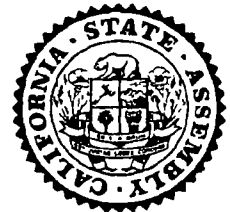


Master Plan
for Higher Education

in Focus

DRAFT REPORT



Assembly Committee on Higher Education

Marguerite Archie-Hudson, Chair

April 1993

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This draft report was prepared by Christopher Cabaldon of the committee staff for review during the public hearings which comprise Phase II of the committee's focused reassessment of the Master Plan for Higher Education. In this form, it does not necessarily represent the views of the Assembly Committee on Higher Education.

Persons interested in commenting on the draft report should submit comments, in writing, to the committee no later than Tuesday, May 4, 1993. The final report of the committee will be adopted and published in late May 1993.



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Introduction

A Covenant Undone

Three years of austerity in state financing have seriously threatened the 30-year legacy of the original California Master Plan for Higher Education. The Master Plan represented a written covenant by the state and its higher education enterprise to provide broad access to educational opportunity and to support an intellectual infrastructure which would continually create and apply new knowledge for the benefit of California's people. A document that began as what one its authors describes as a "low level," short-term treaty between educational institutions quickly evolved into a world-renowned social compact that articulated the state's bold conception of its future. As recently as 1989, the state's leadership reconfirmed its fundamental accord with the expansive vision of the 1960 blueprint.

In the three years since the last review of the Master Plan, the fiscal context has shifted dramatically. State general tax revenues will decline by more than \$1.6 billion -- an amount equivalent to the entire state budget for the California State University -- in 1992-93 and 1993-94. In only the past two years, the state has withdrawn more than \$550 million from its \$6.5 billion in annual support for higher education. The workforce of the two public universities has shrunk by 6,800 faculty and staff (or 7.2 percent of the total) -- the only sector of state government employment to have declined -- in the last ten years.

The covenant of the Master Plan is being undone by this somber new fiscal reality:

- The Master Plan promises educational opportunity to more than five million Californians over the next decade. Instead, in 1992-93 alone at least 100,000 students have seen their dreams of opportunity deferred or dashed by restricted admissions, closed classes, diminishing aid, and rising fees.
- The Master Plan promises affordability and access through a prohibition against tuition and reliance on modest student fees. Instead, student fees have jumped 70 percent at the public universities and 100 percent at the community colleges over two years; the share of a Californian's income required simply to pay mandatory university fees nearly doubled between 1989 and 1992.

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- The Master Plan promises state grants to keep pace with enrollment growth and cost increases. Instead, needy students have seen their grant entitlement to offset fee increases quietly disappear.

Policy Paralysis

In place of the visionary covenant between California and its future is left a paralysis of depression and denial among students, educators, and public officials. The present state of access and quality has drifted so far from the Master Plan's objectives and values that California could have hardly done greater harm had it set out to do so.

The providers of higher education assert that each of their activities is of equal and paramount importance, and that the services the state demands can be provided only through traditional delivery systems. Public policy choices and budget reductions are portrayed as fundamental threats to access and quality. In this posture, quality is defined in terms of specific, predetermined, immutable inputs (e.g. funding, salaries, library volumes, and faculty:student ratios) and perceived prestige rather than in defined outcomes for students and the broader society. State policymakers and budget writers are engaged in making a false choice between pricing students out of educational opportunity or closing admissions outright, which is no choice at all.

The state, in turn, assumes that the outcomes of higher education are basically unaffected by severe "unallocated" budget reductions. Rather than making specific targeted reductions in order to preserve the core priority – access to quality education – the Governor and Legislature have left decisions (and accountability) about the fundamental direction of public higher education to the institutions. The Legislature's modest attempts to establish priorities through nonbinding intent provisions in the Budget Act have been met with the Governor's veto and the institutions' inaction. As a result, the higher education budget no longer reflects an allocation of resources by the Legislature, it no longer provides a mechanism for accountability in the provision of important educational services, and it no longer informs the public of how their tax dollars are being spent.

California can no longer blindly follow this path of least resistance, mortgaging our future with each annual budget. Continued policy paralysis can lead only to the demise of public higher education, and with it our best hope for economic and social renewal.

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New Strategies

The people of the state must make a new covenant with their future. Neither the original Master Plan nor any of the subsequent modifications offer a roadmap for managing a higher education system in a context of enrollment growth but fiscal decline. Even after the current recession ends, the fiscal realignment will endure as California's economy makes the transition into the 21st century and the tax reductions of the seventies and eighties continue to reduce the state's revenue base. Rather than unintentionally reversing California's historic commitment to access and quality by making budget reductions without regard to visionary priorities and untapped opportunities, the Master Plan must be retooled to again serve as the state's working social compact.

Demand for postsecondary opportunity should be growing. The number of students graduating from California schools will grow by more than one-third by the end of this decade. The original 1960 Master Plan emerged, in part, from anxiety about accommodating 335,000 additional postsecondary students within 15 years; the state's higher education system now faces the prospect of more than an additional 700,000 Californians seeking admission within the next 15 years.

The seeds of a decade of school reform have begun to sprout. An escalating number of high school graduates, and Blacks and Latinos in particular, successfully meet the eligibility requirements of the University of California and California State University. Social and economic equity will be difficult to achieve unless the same postsecondary opportunities are made available to these students, who worked hard and played by the rules, as were provided for the generation before.

California is undergoing a fundamental social and economic transformation. The earnings gap between high school and college graduates is widening. Postsecondary retraining and skills upgrades are critical for a rapidly growing number of unemployed and underemployed workers dislocated by the chaotic transformation of California's economy – the most recent example is in defense conversion. Even beyond the dreams and opportunities of individuals lays the state's desperate need for a more highly trained workforce, adaptable to a dynamic and uncertain world economy. Jobs in occupations requiring a college degree will grow by more than 20 percent during this decade.

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Economic ventures in emerging industries, such as biotechnology and environmental management, will require the same intellectual investment that sparked the state's aerospace industry and the Silicon Valley.

Without a new social compact, California cannot weave the cohesive social fabric envisioned by the most recent Master Plan review, *California Faces...California's Future: Education for Citizenship in a Multicultural Democracy*. The threads of this social fabric – economic opportunity and equity, multicultural understanding and community, and informed citizenship and participation – can be woven only by a repositioned and reinvigorated system of higher education.

The fundamental objectives of the Master Plan, from its inception in 1960 to its most recent renewal in 1990, remain sound. We must continue to provide universal access to economic and social opportunity through a high-quality, low-cost system of public higher education.

A new covenant for the new California requires the higher education system to operate more efficiently, with more focused attention on core priorities. Our colleges and universities must share in the cost containment and bureaucratic downsizing that most large corporations began implementing in the late 1980's, and that more and more government agencies at every level are now pursuing. Students, faculty, and institutions are called upon to look beyond the campus to service of community needs, particularly toward restarting California's economic engine. Not only the new fiscal climate, but the changing demographics and economics of California, warrant a comprehensive reexamination of priorities, reward systems, productivity, and fundamental questions about educational objectives and outcomes.

Through this new covenant, California must renew its commitment to provide the resources necessary to realize its vision of the future. We must reinvent our higher education system, but reinventing alone will only slow the decline of opportunity. We call upon our colleagues in the Legislature, the Governor, and the people of California to reinvest the will and the funding for a new higher education system.

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Protecting Priorities

California's public higher education system engages in an unparalleled array of activities and services. Our colleges and universities provide postsecondary education at every level from basic skills to the doctorate, workforce planning and training, lifelong learning, and basic and applied research. Campuses operate hospitals, police academies, agricultural extension centers, scores of institutes and think tanks, publishing houses, museums, and a remarkable range of commercial enterprises such as apartments, restaurants, bookstores (with retail clothing, jewelry, computers, sundries, video arcades, and bowling alleys), conference centers, vacation retreats, bicycle repair shops, and health clubs.

The impressive scope of the enterprise can obscure the core missions. Californians devote \$6.5 billion in taxes to higher education -- consistently more than most other states -- to realize the promise of high quality, low cost educational opportunity. Among the various activities of the higher education system, fulfillment of this promise must be paramount. Institutional and state priorities, and funding choices in particular, must support first the instructional and research functions which support the promise.

Recommendation 1. The primary mission of the California public higher education system shall be to provide access to the highest quality postsecondary educational opportunity at the lowest cost to residents of the state. The essential functions of the system, as assigned to individual segments under the existing Master Plan framework, shall be the education of first-time students at the vocational and baccalaureate levels, the creation and application of new knowledge and technology, occupational retraining, and the instruction of graduate and professional school students. Enhancement of diversity and equity shall be a critical element in performing these essential functions.

Strategies for Implementation

The recent reliance at the state level on "unallocated" budget reductions makes priority-setting impossible. By aggregating all resources into single budget line items, the state abdicates its responsibility to protect the core

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mission. We urge the Governor and our colleagues on the budget committees to allocate funds to each of the missions and functions of public higher education institutions on the basis of clear priorities which place educational opportunity at the core.

Strategy 1.1. Appropriations in the annual Budget Act shall be disaggregated for each of the essential functions, and budget augmentations and reductions shall be allocated to specific items in a manner consistent with explicit policy priorities.

We must make most efficient use of limited resources for enrollment growth if we are to serve the 700,000 additional students who will need to be accommodated over the next decade. The state can provide lower division education to 150 students at community colleges for the same investment required to educate 100 students at one of the public universities. We considered several options for redirecting a portion of current lower division enrollment from UC and CSU to community colleges, but we believe that a shift in the state's enrollment strategy should be incremental and prospective in order to avoid disrupting student aspirations and institutional budgets.

Strategy 1.2. Resources for enrollment growth at the lower division level shall be focused at the California Community Colleges.

California has been well served by community colleges accessible to all adults, attuned to local needs, and committed to lifelong learning. But enrollment growth at the community colleges is constrained by a statutory funding formula related to growth in California's adult population. This simplistic growth "cap" was intended to discourage colleges from overly enthusiastic recruitment efforts, in a manner roughly equivalent to the 12.5 percent and 33.3 percent admission eligibility pools for UC and CSU, respectively. The cap, however, creates a fundamental disconnect among enrollment demand, actual enrollment, and funding for enrollment. Until 1992-93, the community colleges reported enrollment of 120,000 students beyond the growth cap; that is, students for whom no state funds or property tax revenues are appropriated. Colleges serve these students in practice by achieving budgetary efficiencies and reductions at the local level, but if the state

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is to promise open access but capped funding for community colleges, it must set at least broad priorities for reconciling the gap.

In 1992, the Legislature declared as policy that students who have not yet earned a baccalaureate degree should have priority for enrollment at community colleges. We believe that this policy should be more comprehensive, giving highest priority to students who have had a curricular program approved by a college counselor. Students seeking courses for personal interest and development should be accommodated on a space-available basis.

Strategy 1.3. Matriculating students who have a declared objective and approved program of transfer, vocational, academic, or basic skills study shall be given highest priority for enrollment at community colleges.

Freshman-level applicants for admission to UC or CSU always have at least one opportunity – the community colleges – should sufficient space not be available at one of the universities. But qualified junior-level community college transfer applicants have no alternative in the state's public system if they are not accommodated at UC or CSU. We hope that all eligible applicants can be admitted, so that the 1989 Master Plan policy of guaranteeing admission to every student who completes the transfer curriculum can be attained. If the institutions elect to ration enrollment, however, we believe that transfer students, with no other options, should be served first.

Strategy 1.4. Eligible applicants for transfer from a California community college shall be given highest priority for admission to UC and CSU.

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Keeping Opportunity Affordable

In the Organic Statutes which created the University of California in 1868, California committed itself at the outset to providing free higher education to its people. The 1960 Master Plan reaffirmed "the long established principle" of tuition-free public higher education and authorized mandatory fees only for incidental services such as health services, career planning, intercollegiate athletics, and student activities, as well as auxiliary enterprises such as housing and parking. The 1989 Master Plan again affirmed the no-tuition policy.

At the time of the original Master Plan, mandatory fees were only \$120 per year at UC and \$66 per year at CSU. No fees were charged to community college students, who were still subsumed under the entirely free public school system. Today, UC students pay more than \$3,000 per year and CSU students more than \$1,400, with fees rising nearly 75 percent between 1989-90 and 1992-93. Community colleges, still free only a decade ago, now charge \$300 per year for full-time attendance.

We are alarmed at the rapid erosion in the 125-year commitment to provide higher education free of tuition. Despite population growth, rising academic achievement, and exceptionally high unemployment, enrollment at community colleges and CSU is plummeting. Access to educational opportunity means nothing if the cost is prohibitive for low and middle income families. Financial aid for needy students, an unprotected state appropriation item in the annual budget, never keeps pace with fee increases, and most middle income families are too wealthy to qualify for aid but too poor to afford skyrocketing educational costs. The long-term effects of fee increases are not mitigated by aid, because families lack comprehensive information about aid availability and procedures, and the timing and complexity of aid awards make preplanning for college impossible. As one student representative testified during our discussion hearings, "the best financial aid is low fees."

Recommendation 2. Undergraduate education for first-time students shall be tuition free to all residents of the state. Moderate mandatory student fees shall be assessed according to a predictable and stable methodology.

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Strategies for Implementation

Graduate and professional students are more sophisticated about collegiate opportunities and financing, and thus much less affected by higher charges, than their undergraduate colleagues. Postgraduate training is also substantially more expensive than baccalaureate education – in some professional disciplines the cost differential can be as high as 200 percent. Therefore, we believe that graduate and professional students should be expected to pay a fixed proportion of the cost of instruction.

Strategy 2.1. Students in academic and professional graduate programs shall be charged tuition equal to a fixed percentage of the cost of instruction.

After several years of steep fee hikes at UC and CSU, the Legislature enacted a statutory formula (related to institutional budgets) for setting mandatory fees. The legislation provided for suspension of the formula in difficult budget years, but with increases never to exceed 10 percent annually. Students and their families were to receive 10 months notice of any increase in order to plan their finances appropriately, and the state committed itself to provide aid to offset increases for every student with financial need.

We believe that the statutory fee policy is a sound mechanism, especially during fiscal crises, for balancing affordability and institutional funding needs. The policy, when followed, has been effective at ensuring affordability – university student fees and per capita California personal income grew at the same rate during the first five years of the policy. In the two years that the policy was suspended, fees rose by almost 60 percent while personal income – a reasonable proxy of families' ability to pay – declined. The principles of the policy should also be applied to the community colleges, which currently have no mechanism for determining periodic adjustments in fee levels.

Strategy 2.2. Systemwide mandatory student fees shall not rise by more than 10 percent in any single fiscal year, and shall be set according to a formula based on annual changes in California personal income. Students shall be provided at least six months notice of any increase.

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In order to maximize the equity and efficiency of the state's subsidy, student fees should be sensitive to a student's ability to pay. While financial aid offsets most of the fees charged to low income students, middle income students and high income students are treated as though they have identical means. This results in two unsatisfactory outcomes. First, middle income students are increasingly unable to afford attendance at public colleges and universities. The proportion of middle income students at UC and CSU declined throughout the 1980's as fees sharply outpaced their family incomes. Second, some capacity of independent colleges and universities remains untapped as high income students who could afford a private institution choose to attend UC or CSU solely on the basis of price. With resources for higher education dwindling, the state's investment should be targeted for students who would not enroll in postsecondary education without a substantial subsidy. The fee structure should reflect that the 60,000 students with annual family incomes over \$96,000 can better afford higher fees than the more than 200,000 students with family incomes between \$36,000 and \$60,000.

A sliding fee scale linked to ability to pay could be implemented without a significant new administrative burden by using the existing financial aid apparatus (most public university students already receive some form of aid) and inexpensive data-sharing arrangements with state tax agencies. Rather than the current confusing and inefficient arrangement which requires needy students to write a fee check to an institution and then receive a grant check from the institution for the same amount, students with sufficient need should instead simply receive a fee waiver. Campus-based mandatory fees, which are assessed through student elections, should not be charged to needy students since no provision can be guaranteed at the state level for offsetting financial aid.

Strategy 2.3. Mandatory fees shall be assessed according to the financial means of the student using a sliding scale indexed to income or the expected family contribution derived from the federal student aid need analysis methodology. Students with sufficient demonstrated need shall be provided fee waivers (including campus-based mandatory fees) in lieu of offsetting grant aid.

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Mandatory fees are only part of the total cost faced by students seeking postsecondary education. The total cost of pursuing a postsecondary education, including fees, books, supplies, and living expenses, has risen dramatically, while state and federal funds for financial aid have tightened. Since both trends are likely to continue, we believe that limited aid dollars should be streamlined and targeted to the students with the greatest need – students who, absent financial aid, would be unable to pursue postsecondary education.

Strategy 2.4. Student financial aid funded by the General Fund and student fee revenue shall be allocated and awarded on the basis of financial need and income. Grant aid shall be awarded through a decentralized Cal Grant Program by public institutions and the California Postsecondary Education Commission (for students attending private institutions) pursuant to common eligibility criteria and apportionment standards.

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Repairing the Educational Pipeline

Less than half of the students who enter California's postsecondary system intending to earn a bachelor's degree ever do so. Even though California enrolls a larger proportion of its citizens in college, it awards bachelor's degrees to a smaller proportion than most other states.

The students who do earn degrees are taking much longer. The California State University and the Community Colleges have embraced the challenge of the 1973 and 1989 Master Plans to fully serve part-time and nontraditional students, who progress through the curriculum over a more extended timeframe. Even after accounting for the diversity of these institutions' service population, however, many students who have the ability to finish their programs faster are being frustrated by an unavailability of courses necessary to satisfy degree or transfer requirements.

Ruptures in the postsecondary pipeline drain California's investment, and dash the dreams of students for better opportunity. The economic implications for the state are clear -- fewer trained graduates are being added to a workforce where they will be desperately needed. More immediately, the high rate of attrition doubles the cost of producing each college graduate, limiting the resources available to provide educational opportunity to more Californians. Even with constrained resources, institutions and faculty can design educational requirements and offerings so that students can enter, persist, transfer if desired, and graduate.

Recommendation 3. Academic programs, curricula, and schedules shall be designed and structured to ensure normal progress toward completion of the academic or vocational objective by students who satisfy academic requirements and standards.

Strategies for Implementation

Over the past two years, the California State University and the community colleges have eliminated thousands of course sections. While many of these sections were in low enrollment courses not required for the major or general education pattern, the decline in course availability impedes students timely progress to transfer or graduation. Even before the class reductions

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began, the most important reason cited by CSU students for taking longer than four years to graduate was their inability to enroll in required courses. The cost to the state can be substantial as students take extra electives, simply to maintain full-time enrollment, when required courses are not available.

CSU Dominguez Hills is one of a few public institutions emulating a marketing strategy of private colleges by promising entering students that they will be able to complete their degree on schedule. Managed properly, we believe that even a leaner course schedule can guarantee timely graduation to students who plan ahead and satisfactorily complete their coursework.

Strategy 3.1. Adequate course sections shall be scheduled for students to make normal progress toward completion of the degree, transfer, or certificate program. When adequate sections cannot be scheduled, the faculty shall review and reconfigure, as appropriate, general education and major requirements to reflect the reduced availability and frequency of classes.

We have heard from students who have completed the entire curriculum except for the required, yet notoriously unavailable, first-year composition course. Since the primary purpose of that course is to prepare entering students for writing in more advanced courses, it is likely to be redundant and unnecessary once those courses are completed. Most students otherwise eligible to graduate could easily demonstrate the writing competence taught in first-year composition without actually taking the course – requiring enrollment in the class is a frustrating waste of the student's time and the state's money. As an alternative, campuses and students should more actively utilize course "challenging" when appropriate to relieve enrollment pressure on impacted and infrequent required courses and to speed to progress of students toward degree completion.

Strategy 3.2. The academic senate and departments shall develop assessment instruments through which students who demonstrate competency in the subject matter and skills normally developed in an individual undergraduate course may be granted full unit and course credit without enrolling in the course.

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In *Strategy 1.3*, we recommend that matriculating students with approved programs for transfer, vocational, academic, or basic skills study be given highest priority for enrollment at community colleges. The curriculum must reflect the core missions and priorities, for enrollment priority means nothing if the few classes available are targeted toward students taking classes for personal interest and development.

Strategy 3.3. Local community college district governing boards and academic senates shall reconfigure the curriculum and course offerings to ensure that matriculating students with declared transfer, vocational, academic, and basic skills objectives are adequately served.

The 1989 Master Plan, and its precursor report focused exclusively on the community colleges, placed a high priority on improving the effectiveness and ease of transfer between community colleges and the public universities. Many of its proposed policies have been enacted, including a common intersegmental general education transfer curriculum, and transfer student enrollment at community colleges has increased. The number and rate of transfers, however, has yet to rise significantly.

In order to provide full access to transfer students, the current system requires each of the 107 community colleges to reach articulation agreements for individual majors with each of the 28 public universities. There is little chance that the various faculties will enter into a sizable proportion of the thousands of articulation agreements necessary to make this system work. We support creation of a intersegmental transfer major prerequisites in order to permit community college students to complete a single major prerequisite course pattern, regardless of the potential university campus of eventual admission. Transfer students would be able to complete the baccalaureate more quickly, without having to take additional prerequisites after transfer.

Strategy 3.4. The academic senates shall jointly develop intersegmental transfer major prerequisites, and list all general education and major prerequisites in the common course articulation number system.

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Streamlining Programs

The higher education system must streamline its various programs and services in order to better focus on the primary missions. The decentralized, collegial approach to decisionmaking and planning can lead to extensive (and expensive) program duplication. The pursuit of prestige and status also plays a role – every UC campus seems to need a full complement of professional schools. The state and institutions must periodically reexamine all higher education programs to ensure that the core services are delivered in the most cost-effective manner.

Recommendation 4. The three public systems of higher education and the state coordinating agency shall share responsibility for structuring the delivery and administration of all state higher education programs to provide full access to educational services at the lowest cost.

Strategies for Implementation

Ten separate agencies have responsibility for higher education in California. Five of these – the University of California, California State University, California Community Colleges, Hastings College of the Law, and California Maritime Academy – deliver direct educational services, and five – the California Postsecondary Education Commission, California Student Aid Commission, Council for Private Postsecondary and Vocational Education, California Student Loan Authority, and California Educational Facilities Authority – provide coordination, oversight, and support of the public and private postsecondary enterprise. The Legislature has engaged in comprehensive downsizing of the entire state bureaucracy, with an emphasis on elimination of boards and commissions, in order to reduce costs by streamlining. We believe that similar consolidation of the state's higher education apparatus would result in more efficient and effective service delivery and coordination.

Strategy 4.1. Responsibility for state-level higher education coordination, oversight, and programs shall be consolidated into a single agency, such as the California Postsecondary Education Commission.

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Strategy 4.2. The California Maritime Academy and Hastings College of the Law shall be fully integrated into the California State University and the University of California, respectively.

The recently-inaugurated President of Stanford University, Dr. Gerhard Casper, has called for a fundamental reexamination of the composition and duration of the baccalaureate degree. Noting the rapid rise in student and institutional costs, as well as the student's pragmatic interest in expedited completion, he suggests consideration of a more focused baccalaureate degree using a three-year, rather than four-year, framework. While implementing such a fundamental reconfiguration simply as a cost-cutting strategy would be unwise, we believe that changing educational needs as well as changing fiscal realities warrant a rethinking of the content and process of academic degrees.

Strategy 4.3. The California Postsecondary Education Commission, in consultation with the academic senates, shall examine the duration of the baccalaureate degree and assess the educational and fiscal implications of reducing the normal degree duration to the equivalent of three years of full-time study.

The original Master Plan was distinguished by its attention to specialization and differentiation of function, but the division of labor has broken down for precollegiate adult education. Secondary schools and community colleges both offer similar basic skills coursework for adults, and UC and CSU provide "remedial" courses to students who are not adequately prepared in English and quantitative skills. We believe that community colleges deliver the most cost-effective, high quality basic skills education among the various providers, and that the best context for adult education of any kind is in a collegiate environment. Consolidation of basic skills responsibility in the community colleges would improve both efficiency and effectiveness.

Strategy 4.4. Responsibility for basic skills education for adults shall be consolidated in the California Community Colleges. Students at UC and CSU who require education in basic skills shall be served by community college courses

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offered through distance learning and other intersegmental contract arrangements.

Both UC and CSU offer professional programs in a variety of disciplines. The original Master Plan gave UC exclusive jurisdiction over education in medicine and law, and we continue to believe that such jurisdictional specialization makes sense. Similarly, professional programs which are not inherently dependent on basic research (as are medicine and dentistry), should be offered chiefly by the California State University. While we do not recommend closure or downsizing of existing UC programs in these disciplines, new programs and enrollment growth should be directed to CSU.

Strategy 4.5. Responsibility for enrollment growth in professional disciplines which are not research-intensive, including business, architecture, public administration, education, and social welfare, shall be consolidated in the California State University.

Within UC and CSU, each campus has developed expertise and prestigious graduate programs in particular disciplines. We agree with Clark Kerr, President *emeritus* of the University of California, who argues persuasively that colleges should focus on what they do best and forego establishment of new graduate programs outside clearly articulated specializations. This approach maximizes quality and focus, and preserves the full range of disciplines within the public higher education system. Specialization can also be applied more widely to community college vocational programs, so that important high-cost programs remain available in a region.

Strategy 4.6. Each campus of the University of California and the California State University shall develop graduate academic specializations within the respective system, and no new graduate or professional program shall be approved at a campus if sufficient capacity is available in a comparable program at another public or independent institution in the same region.

Strategy 4.7. Community colleges shall develop vocational program specializations on a regional basis, and no college shall

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initiate a new vocational program if sufficient capacity is available and accessible in a comparable program at another community college in the same region.

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Focusing the Faculty

The 60,000 faculty of public higher education are an almost limitless intellectual resource for California. They provide all of the critical services of the system. They are entrusted with a large measure of governance responsibility for the institutions, and important delegation because faculty represent the largest single cost in the labor-intensive enterprise. This inherent conflict-of-interest can result in severe inefficiencies as the primary missions collide with group norms and rituals resistant to change, perverse and expensive reward systems out of step with public priorities, and loyalties divided among institution, department, and discipline.

While academic governance is imperfect, the collegial approach of shared governance continues to be the best available mechanism for preserving intellectual freedom and placing educational interests at the core of institutional decisionmaking. But faculty and institutions must guard against the pursuit of prestige at the expense of real quality and access. Faculty, too, must make difficult choices about priorities as resources become further constrained in order to protect the core priorities of instruction and research. California simply cannot afford to increase hiring requirements, reduce teaching loads, and increase compensation while slashing enrollment and raising fees.

Recommendation 5. Faculty recruitment, hiring, compensation, workload, and tenure policies shall reflect the primary missions and functions and the resources available to the institutions.

Strategies for Implementation

As with any profession, self-regulation of the standards and requirements for entry into the professoriate creates the risk that standards not directly related to performance will be imposed to limit entry and enhance the overall prestige of the academy. For that reason, the general public and consumers are represented on state licensing boards and the State Bar. Yet no similar protection against costly, exclusionary, and unnecessary entry requirements exist for postsecondary faculty. We discussed at length during our hearings the rationale for requiring the Ph.D. for the teaching faculty of CSU, and an academic baccalaureate for vocational faculty at community colleges, yet we

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remain unconvinced that these general requirements are absolutely necessary for effective performance of the faculties' primary responsibilities.

Strategy 5.1. Faculty hiring and tenure requirements shall be limited to demonstration of the skills and experience for effective teaching and, at the University of California, competent research.

The 1960 Master Plan recommended that "[g]reater use be made of California-trained doctoral degree holders" and noted that "[e]vidence indicates that those leaving California do not do so by choice." Thirty years later, half of UC Berkeley's doctoral students leave the state after graduation. Like most universities, academic departments at UC campuses generally avoid hiring their own graduates to prevent inbreeding of perspectives and specialties. But departments at other UC campuses, and those in other disciplines, could hire a larger proportion of UC graduates. Implementation of the 1960 recommendation would increase opportunities in the academy for Californians, enhance the return on the state's investment in graduate education, and increase the diversity of new faculty.

Strategy 5.2. The public universities shall make greater use of California-trained doctoral degree holders.

In order to recruit and retain competent faculty, California employs a "market" comparison to determine salary increases. Each year, a single market figure for is calculated using the salary levels at eight public and private institutions throughout the nation, and a similar figure is computed for CSU. Because the comparison groups contain only a small number of institutions, the market salary rate is highly sensitive to the institutions deemed "comparable" through negotiations between the university, the California Postsecondary Education Commission, the Legislative Analyst, and the Department of Finance. The fundamental flaw in this market mechanism is that most of the other institutions use similar methodologies to set salaries; faculty salaries in this elite group rise much faster than inflation as each of the institutions struggles each year to pay salaries above the group average.

By focusing on the institutions which compete with UC Berkeley, UCLA, and San Diego State University, the current methodology overcompensates faculty at the institutions which compete in different markets. UC Riverside and

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UC Santa Cruz, for example, are not classified under the Carnegie system as research universities, but the UC comparison group contains only universities of this type. Riverside and Berkeley rarely compete in the same market, but faculty at both institutions are afforded the same annual percentage increase derived from the methodology. The CSU market group includes several doctoral universities, a comparison inappropriate for all but a few of the 20 CSU campuses. We considered turning to separate market comparisons for each UC and CSU campus, but instead we urge the Governor and legislative budget committees to group campuses by Carnegie classification and compute several different prevailing salary rates in order to avoid unwarranted increases.

Strategy 5.3. The comparison groups of private institutions and public universities in other states used to establish faculty and administrative compensation and workload benchmarks shall be configured and analyzed separately for each types of campus within each system, by Carnegie classification.

The primary missions can be maintained only by recalibrating the distribution of faculty time. Many observers have commented on the shift in the past two decades toward reduced emphasis on teaching and academic advising and increased focus on publishing articles in refereed journals. This workload drift away from the student is expensive; a reduction in the average teaching load by one course per year at CSU, for example, requires the university to hire an additional 1,500 faculty in order to continue providing the same level of service. An expensive new bureaucracy of academic advising staff had to be created in the late seventies to replace involvement by faculty.

We believe that faculty can devote more time to teaching, particularly at UC, without compromising the quality of research inquiry to which they are uniquely suited. The hundreds of faculty who serve in administrative positions are an important instructional resource, and should be provided release time from administration in order to continue a modest commitment to teaching.

Strategy 5.4. The aggregate teaching load for all tenured faculty shall be an average of two courses per academic term at UC, and an average of four courses per term at CSU.
Faculty serving in administrative positions shall normally

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be expected to teach at least one undergraduate course per year. Faculty shall be charged with primary responsibility for academic advising of their students.

UC faculty devote nearly 30 percent of their state-funded time to research unrelated to instruction. This research has important benefits for California, and we strongly support continued state support for departmental research. A greater proportion of the cost associated with research, however, can be borne by sponsoring federal agencies and private companies without endangering California's ability to compete for extramural research funding.

Strategy 5.5. Research grants and contracts shall normally be charged for a portion of time devoted to the extramural activity by the individual faculty.

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Managing Efficiently and Effectively

Large private sector corporations which have strategically downsized in response to the changing economic context have one overall objective -- profit maximization -- and a clearly defined command structure for decisionmaking and accountability. Public postsecondary institutions have multiple objectives and complex decisionmaking structures, making management of resource reductions extraordinarily difficult. Governance and accountability are shared among administrators, faculty, governing boards, and state government, each with differing priorities for reconciling competing missions and resources.

We believe that our public colleges and universities can manage their resources more efficiently and direct a larger proportion of the public's investment toward the primary missions of education and research.

Recommendation 6. Administrator recruitment, hiring, compensation, and workload policies, management practices, and the design of the administrative structure shall reflect the primary missions and functions and the resources available to the institutions.

Strategies for Implementation

Students and faculty in each of the three public systems of higher education have reported evidence that resources committed to administration and management have outpaced the instructional and research functions. We believe that the administrative budget should grow at a slower rate, and shrink at a faster rate, than enrollment. The public schools limit explicitly the ratio of administrators to students (using faculty ratios as an intermediary) to ensure that the number of administrators does not grow disproportionately. Since administrative compensation in most of higher education is not subject to the external control of civil service, an independent consultant retained by the UC Regents recommended that executive salaries be linked to faculty salaries in order to protect against runaway compensation. Both the public school and the UC consultant approaches could be profitably applied to all of higher education.

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- Strategy 6.1. The governing boards shall fix a maximum ratio of administrators to students equal to not more than the highest ratio during the last ten years.
- Strategy 6.2. The total compensation, including benefits and perquisites, for an administrator at a public institution of higher education shall not exceed twice the average total compensation of tenured faculty at that institution.

California can learn much from Oregon's response to severe budget shortfalls in higher education. The Oregon State System of Higher Education and the state jointly conducted a comprehensive administrative review, using an outside management consulting firm and an advisory committee of faculty, students, and staff. The review identified savings equal to 20 percent of the Oregon State University administrative and support budget which could be achieved without limiting the ability of the institution to fulfill its mission. It recommended reducing the number of top executives and middle managers, consolidating academic and administrative units, simplifying and streamlining processes and procedures, outsourcing or eliminating functions not critical to the university's mission, and investing in new technologies. The review committee noted that, in addition to significant cost savings, its recommendations would result in a more effective and efficient university. The San Francisco Community College District recently engaged an outside consultant for a similar reassessment of its mission and cost structure. We examined several specific possibilities for administrative downsizing during our discussion hearings, but we believe that the Oregon and San Francisco approach would be more comprehensive and credible than a review that is either entirely legislative or internal.

- Strategy 6.3. The governing boards shall each retain an outside management consultant firm to undertake a comprehensive review of administrative structure and costs in order to achieve an administrative cost reduction target of 20 percent, including consideration of such strategies as consolidation of academic units, decentralization of administrative functions and

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authority, elimination of programs and functions which are not critical to the institution's mission, reduction in the number of executives and managers, and reclassification and downgrade of administrative positions.

Finally, while we believe that the state must play a more active role in establishing priorities and making policy choices, micromanagement of institutional ministerial functions creates unnecessary waste and inefficiency. The California State University should have the authority to write its own checks, sign its own contracts, and purchase its own furniture and equipment without the involvement and control of state regulatory agencies. State oversight must be focused on priorities, policy, and accountability, with day-to-day management vested in the university.

Strategy 6.4. The Trustees of the California State University shall be released, except in limited circumstances, from regulatory oversight and control by other state administrative agencies.

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Preparing the Workforce

Postsecondary institutions will determine the outcome of California's economic transition by the kind of highly skilled workforce they prepare. The community colleges, with an array of technical programs in areas such as auto mechanics, metallurgy, electronics, horticulture, and environmental technology, are well positioned to strategically identify and meet California's workforce training needs. The four-year institutions, too, can no longer shrink from their responsibility to *plan* their contribution to the workforce.

Primary responsibility for workforce training, planned and implemented strategically, should lay with our colleges and universities, working in tandem with employers and other public agencies.

Recommendation 7. Institutions of postsecondary education shall have a primary responsibility for the strategic training of California's workforce.

Strategies for Implementation

The community colleges, as the state's largest provider of vocational education, should play a primary role in economic development. They are uniquely suited among public entities to meet economic needs in a manner responsive to local conditions and opportunities. We are particularly impressed by the growing emphasis on contract education programs through which employers cover the cost of targeted and tailored instructional training services provided by the college. This cost-effective approach is the most likely to result in skilled employment for participating students. We urge expansion of contract education throughout the community colleges, especially at urban and rural colleges underserved by current programs.

Strategy 7.1. The California Community Colleges shall have primary responsibility for vocational training.

Strategy 7.2. The California Community Colleges shall expand the scope of contract education programs to better serve urban and rural areas of California with acute economic revitalization and workforce training needs.

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Business and industry, and potential entrepreneurs, respond best to “one-stop shopping” services. California is ill-served by its disjointed mosaic of training programs and agencies (at least 18 state agencies have some responsibility for workforce training) – neither employers nor persons seeking training know where to access services., and there is no integrated strategy for matching service delivery to changing workforce needs. We believe that only a coordinated strategic plan can meet this complex and dynamic challenge. We also support creation of an intersegmental mechanism for technology transfer to make recent research easily accessible to California business, and spark new ventures and employment.

Strategy 7.3. The public and independent systems of higher education shall develop an intersegmental mechanism for improved technology transfer to commercial application.

Strategy 7.4. The state shall develop a Master Plan for Strategic Workforce Training to facilitate a coordinated approach to defense conversion, changing characteristics of the workforce, the influence of international markets, and the shift from a manufacturing to a service economy, and planning for participation in new federal programs.

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Serving Public Needs

The 1989 Master Plan assigned to institutions of public higher education a mission of service to the public good beyond instruction and research. Students and faculty, as well as the institutions themselves, represent tremendous intellectual resources for designing and implementing strategies for community improvement and development. Local communities, in turn, offer a rich array of learning and research opportunities for students and faculty.

Recommendation 8. Service to the public and local communities is an essential function of California higher education.

Strategies for Implementation

The Human Corps, established in 1987 as a voluntary program to encourage public service by students, should be reconfigured so that all students are expected to participate. Service should be required only of low income students receiving financial aid, because all students attending public institutions of higher education receive a substantial state subsidy. Nor should service be expected only of wealthier students who may have no need to work in order to finance their studies. Service requirements must be sensitive to the economic and family circumstances of students, especially older and part-time students, but we believe that all students should engage in community service of some kind during enrollment.

Public service is already one of the elements in faculty reviews for tenure and promotion, but the requirement is too often satisfied primarily through service on internal university committees and in administrative posts. We believe that service to the broader community warrants an obligation in its own right. Other creative support incentives, such as student housing price breaks, guaranteed fee levels, and class enrollment priorities, would help encourage students to perform service beyond minimum requirements.

Strategy 8.1. All postsecondary students shall be required to engage in community service as a condition of enrollment. All public postsecondary faculty shall be expected to engage in community service related to their academic discipline at least once per year.

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Students, especially those who graduate with professional degrees such as law or medicine, or a doctorate, often do so with sizable student loan debt – easily as much as \$50,000 or more – which makes employment in underserved areas with lower salaries virtually impossible. California students borrow more than \$1 billion each year to finance their education; loan programs originally intended for middle and upper income families are now used even by very low income students. Loans are a necessary evil at the postbaccalaureate level because nearly every student is presumed independent of his or her parents and usually without a large income; thus, nearly every student would be eligible for need-based grants. Yet California cannot expect to end its shortage of primary care physicians or rural clinic attorneys without removing the debt barrier. In addition to an in-school service requirement, students who enter careers in public service sectors should receive state assistance to repay their substantial indebtedness.

Strategy 8.2. Students who engage in public service employment or volunteerism after graduation shall be assisted by a comprehensive state support program.

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Planning for the Future

When California returns to its Master Plan commitment of access, the public system of higher education can expect to serve over 700,000 more students by the year 2005. The existing stock of campus facilities would be to accommodate most of this growth, but new sites and build-out of existing campuses would cost more than \$500 million in capital outlay funds every year. Similar demographic trends will likely exhaust the current supply of capacity at independent colleges and universities as well.

We must retrofit the educational infrastructure for more intensive, cost-effective use. In many instances, educational technology can expand access to postsecondary education more efficiently and more effectively than construction of additional facilities. CSU has made this effort a high priority by investing in interactive video and audio technology, and satellite uplink capability to link campuses. Technology can help colleges and universities to bridge the gap between demand and capacity while extending the reach of public postsecondary education to underserved areas. Existing facilities can be better utilized as well, particularly during traditional off-periods, including evenings, weekends, and summers.

Recommendation 9. The public system of higher education shall expand its capacity and resource base through innovative application of new technologies and creative use of facilities.

Strategies for Implementation

Educational technology is a smart investment, but it requires an initial outlay which can be substantial. The University of California, for example, is far behind the other systems in development of a technology-based infrastructure. Since distance learning and other educational technologies reduce the need for additional construction, we urge that traditional capital outlay financing mechanisms be used for technology infrastructure improvements.

Strategy 9.1. Educational technology infrastructure improvements shall be eligible for capital outlay funds from general obligation and lease payment bonds.

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Intersegmental course offerings through distance learning can allow community college students to pursue baccalaureate degrees without relocating to an area with a public four-year institution. Lower division students attending universities could enroll in basic skills and other courses. Regional coordination could reduce the array of duplicative academic and vocational programs by providing access to offerings at institutions linked through technology.

Strategy 9.2. The governing boards, in consultation with the academic senates, shall offer courses on an intersegmental basis, both statewide and regionally, using distance learning technology.

The academic calendar prevalent throughout American higher education was originally designed, in part, to permit students to return to their farms during the summer to work the harvest. Today, there is little reason for campuses to sit nearly idle during summer months with unused capacity. Four CSU campuses currently operate on a year-round calendar, and we believe that a similar pilot effort should be tried at UC as well to determine whether students could earn their degrees in a more timely and cost-effective manner.

Strategy 9.3. The state shall support year-round operation of one University of California campus on a pilot basis.

One response to limited availability of impacted lecture courses should be a course-by-course evaluation of whether a larger class size would diminish pedagogical effectiveness and educational quality. At UC, for example, the quality differential between a 150-student lecture class and a 200-student lecture class is usually not significant. Few CSU and community college campuses, however, have the option of accommodating more students in lecture courses because few have classrooms with capacities larger than 100 students. While we do not support a wholesale shift of courses to lecture format with several hundred students in each class, we urge CSU and the community colleges to include in their multiyear capital outlay plans the construction of larger lecture halls.

Strategy 9.4. The five-year capital outlay plans for the California State University and the California Community Colleges shall

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include the construction of large capacity lecture classrooms, equipped for educational technology.

Libraries are an essential but expensive component of any educational institution. California's public institutions of higher education house several of the finest libraries in the world. While we cannot afford to fund comprehensive research libraries at every public campus, we believe that every California student and faculty member in the California public higher education system, regardless of the institution of attendance, should have access to the most recent and complete intellectual resources.

Strategy 9.5. Students and faculty enrolled at the University of California, California State University, and California Community Colleges shall have library privileges at all public campuses. The governing boards shall enter into intersegmental agreements for library specialization to avoid expensive duplication.

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Renewing the Commitment

California higher education, like other public services, must do better with less, but it cannot do without. No measure of efficiency, streamlining, and priority-setting can preserve access to quality postsecondary education without a renewed commitment from the people of California to provide the resources necessary to deliver the promise. We must once again invest in our future.

Recommendation 10. The state shall provide sufficient support to the system of higher education for the effective delivery and performance of its primary missions and functions.

Strategies for Implementation

Higher education funding from the state is dropping precipitously, to a point where the system may soon be unable to perform its primary missions. Our concern is not the annual debate over higher education's relative share of a constantly declining state budget, because we are not interested in pitting students seeking job retraining against Medical patients forced by funding reductions to take heart medicine half as often as prescribed. Rather, we are concerned about securing the actual funding necessary to provide quality, low-cost instruction and research. Meeting this challenge will require the will and courage to address the state's overall revenue needs.

Strategy 10.1. The state shall protect the funding base of higher education against further erosion by raising new revenues and closing tax loopholes.

In order to accommodate new enrollment pressures of nearly one million students if the Master Plan is fully realized, California will need to provide about \$1 billion each year for renovation and construction of new facilities, including new campuses in areas not now served by public higher education.

Strategy 10.2. The state shall place before the electorate general obligation bond propositions sufficient to fund the maintenance and expansion necessary for public institutions of higher education to perform their primary missions and functions.

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The decentralized mix of autonomous public institutions and agencies responsible for providing higher education in California is not well suited to maximize fundraising from federal and private sources in support of students. We believe that a coordinated and focused effort would yield a larger return for student aid.

Strategy 10.3. A higher education and training fund shall be established to raise federal and private funds for the support of students enrolled in institutions of higher education.

We believe that Californians would voluntarily contribute additional support to higher education if provided a simple and easy mechanism. The state income tax form currently includes eight contribution options for a variety of programs, including support for seniors, endangered species, Alzheimer's disease research, child abuse, breast cancer research, the state veterans memorial, and the various political parties. We support the addition of ninth contribution option earmarked for student financial aid in order to generate a modest level of additional revenue.

Strategy 10.4. State income tax forms shall include a voluntary check-off for taxpayers to contribute to student financial aid.